CHARTERED TAX INSTITUTE OF MALAYSIA
(Institut Percukaian Malaysia)
Registration Number: 199101015438 (225750-T)

PROFESSIONAL EXAMINATION

INTERMEDIATE LEVEL

FINANCIAL ACCOUNTING AND REPORTING

SEPTEMBER 2026

Student Registration No.		**Date**	
Desk No.		**Examination Centre**	

Time allowed: 3 hours

INSTRUCTIONS TO CANDIDATES

1. This paper consists of **FOUR** questions.
2. Answer **ALL** questions.
3. Each answer should begin on a separate answer template.
4. All workings **MUST** be shown as marks will be awarded.

DO NOT TURN OVER THIS PAGE UNTIL INSTRUCTED BY THE INVIGILATOR

Question 1

Given below is the trial balance of Giant Ltd. (Giant) as at 31 December 2025:

	Debit	Credit
	RM'000	**RM'000**
Revenue		11,000
Cost of sales	6,200	
Inventory (31 December 2025)	300	
Salaries of staff (70% Administrative and 30% distribution)	550	
Administrative Expenses	850	
Distribution expenses	550	
Research and development costs	600	
Other Operating expenses	500	
Interest on debentures	45	
Income taxes	120	
10% Debenture		450
Bank	350	
Trade receivables	450	
Trade payables		500
Land	1,800	
Property, plant and equipment	2,800	
Accumulated depreciation: Plant and equipment		1,020
Intangibles	385	
Accumulated amortisation: Intangibles		200
Share capital		1,500
Retained earnings		830
	15,500	**15,500**

Additional information:

1. At year-end, Giant carried out an impairment review on an equipment and determined that its recoverable amount was RM250,000, while the carrying amount was RM300,000. Any impairment loss is to be included in the other operating expenses.

2. Giant revalued its land based on a valuation performed by an independent professional valuer, who assessed the land at RM2,000,000 as of 31 December 2025. This revaluation has not yet been recorded in the accounting records.

3. Depreciation on property, plant and equipment is to be charged at 20% per annum using the reducing-balance method. The depreciation will be allocated at basis of 60% to administrative expenses and 40% to distribution expenses.

4. A provision of RM105,000 is required for directors' remuneration and should be recognised as other operating expenses.

5. An allowance for trade receivables is to be provided at 15% of the outstanding trade receivables balance. As of 10 January 2026, one debtor was declared bankrupt owing Giant RM80,000. The allowance of trade receivables and irrecoverable debts will be accounted to other operating expenses.

6. The balance of intangible assets includes research expenditure amounting to RM80,000.

7. The financial statements are scheduled to be approved by the directors on 31 January 2026.

Required:

Prepare the following, in a form suitable for publication, after taking into consideration the above information:

(a) A Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2025.

(15 marks)

(b) A Statement of Financial Position as at 31 December 2025.

(15 marks)

Show all the relevant workings to support your answers.

[Total: 30 marks]

Question 2

(a) Andrew and Edward are partners of ANED Partnership (a conventional partnership), sharing profit or loss in the ratio of 60% for Andrew and 40% for Edward.

Below is the Statement of Financial Position of ANED Partnership as at 31 August 2026:

		RM
Non-current assets		
Fixtures & Fitting		33,000
IT Equipment		15,000
		48,000
Current assets		
Cash in Hand	2,250	
Inventory	9,000	
Trade Receivables	13,500	24,750
		72,750
Current liabilities		
Trade Payables		57,000
Equity		
Capital: Andrew	18,000	
Capital: Edward	15,000	33,000
		90,000
Accumulated Losses		(17,250)
		72,750

Due to the accumulated losses, the partners decided to dissolve ADED Partnership. It was agreed that upon dissolution of the partnership:

(i) Andrew would take over the IT Equipment at a value of RM12,000.
(ii) Any deficiency in each partner's capital account shall be paid in cash by that partner.

Other information:

1. Dissolution expenses: RM5,000
2. All debts due to trade payables to be fully paid.
3. Only RM12,700 would be collectable from trade receivables.
4. The following assets were to be sold in cash:
    - Inventor RM7,500
    - Fixtures & Fittings RM27,000

Required:

Draw up the following accounts in relation to the dissolution of ANED Partnership:
(i) Cash A/C
(ii) Realisation A/C
(iii) Each partner's Capital Account

(10 marks)

(b) Tasik Utara Sdn Bhd (TUSB) is a wholesale stationery trader. Below are TUSB's financial statements:

Statement of Income or Loss for the year ended 31 December 2025

		Note	RM '000	RM '000
	Sales	(1)		5,600
Less:	COST OF GOODS SOLD			
	Opening Inventory		1,300	
	Add: Purchases	(2)	4,200	
			5,500	
	Less: Closing Inventory		(1,500)	4,000
	GROSS PROFIT			1,600
Less:	Operating expenses			1,010
	NET PROFIT			590

Statement of Financial Position as at 31 December 2025

	Note	RM '000	RM '000
NON CURRENT ASSETS			800
CURRENT ASSETS			
Cash		120	
Account receivables	(3)	1,200	
Inventory		1,500	2,820
			3,620
CURRENT LIABILITIES			
Account payables	(4)		1,100
			2,520
LONG TERM LIABILITIES			
Bank Loan			800
OWNER'S EQUITIES			
Share Capital		1,200	
Retained Earnings		520	1720
			2,520

Note
1. Of the total sales, 80% are credit sales.
2. 70% of purchases are credit purchases.
3. Account receivables as at 31 December 2025 was RM1,100,000.
4. Account payables as at 31 December 2025 was RM560,000.

Required:

(i) Calculate the following ratios for Tasik Utara Sdn Bhd. (appropriate formulae and proper working must be shown).

i. Current Ratio (times)
ii. Quick Ratio (times)
iii. Inventory Turnover (days)
iv. Average Collection Period (days)
v. Average Payment Period (days)
vi. Gross Profit Margin (%)
vii. Net Profit Margin (%)

(9 marks)

(ii) Based on the abovementioned ratios, discuss the significance and implication of Tasik Utara Sdn Bhd's liquidity, efficiency and performance.

(6 marks)

[Total: 25 marks]

Question 3

DIY Landscaping Supplies (DLS), a sole proprietorship is a wholesaler and retailer of "do-it-yourself" gardening tools. DLS does not maintain a proper full set of accounting records. However, the following are whatever records that DLS is able to provide.

1. Summaries of balances as at 1 January 2025:

	Cost	Accd. Depn.	CV
Assets	RM	RM	RM
Nissan Pick-up truck	100,000	70,000	30,000
Storage structures	60,000	12,000	48,000
			78,000
Inventory		31,000	
Trade Receivables		11,900	
Cash at Bank		22,000	
Cash in Hand		28,000	92,900
			170,900
Liabilities			
Trade payables	15,000		
Rental expenses – accrued	2,500		(17,500)
			153,400

2. Summaries of balances as at 31 December 2025

	RM
Inventory	21,000
Cash in Bank	28,000
Trade Receivables	25,400
Staff Salaries: prepaid	2,500
Trade payables	18.400
Rental expense – accrued	3,000

3. Summaries of Cash in Bank (Receipts & Payments) for year ended 31 December 2025

	RM
Receipts from:	
Trade Receivables	50,000
Payments to / for:	
Trade payables	12,300
Down payment for purchase of a used Toyota pick-up truck	10,000
Rental Expenses	30,000
Other business operating expenses	60,000
	112,300

Note: The cost of the used Toyota pickup truck is RM120,000. The balance of cost of RM110,000 is financed with a bank loan. The Nissan pickup truck was sold for RM25,000 (sale proceed received in cash).

4. Summaries of Cash in Hand **(**Receipts & Payments) for year ended 31 December 2025

	RM
Receipts from:	
Cash sales	95,000
Sale of Nissan pickup truck	25,000
	120,000
Payments for:	
Staff salaries	48,000
Cash purchases	65,000
	113,000

5. Other information:
   i. During the year ended on 31 December 2025, the following were recorded:
      - Sales Returns: RM7,500
      - Purchases Returns: RM3,800
      - Bad Debt (trade debts) written off: RM5,600
      - Discount allowed: RM1,500
      - Discount received: RM2,000
   ii. Annual depreciation on the storage structure is 5% on cost.
   iii. Annual depreciation on pickup trucks is 10% on cost.
   iv. No depreciation is provided in the year of disposal while full annual depreciation is provided in the year of acquisition.

Required:

In relation to DIY Landscaping Supplies' business:

(a) Determine the following for the year ending on 31 December 2025:-

(i) The amount of credit sales and the total sales
(ii) The amount of credit purchases and total purchases

(4.5 marks)

(b) Prepare the following:

(i) Statement of Income or Loss for the year ended 31 December 2025.

(8.5 marks)

(ii) Statement of Financial Position as at 31 December 2025.

(7 marks)

[Show all necessary workings]

[Total: 20 marks]

Question 4

The following is FAA Sdn Bhd's statement of financial position for the year ended 30 June 20026 and 30 June 2025.

	30 June 2026	**30 June 2025**
	RM	**RM**
Assets		
Land and building at carrying value	1,118,000	1,122,500
Investment property	467,800	562,900
Plant and machinery at carrying value	405,000	387,000
Motor vehicles at carrying value	134,300	169,900
Investments	125,200	180,700
Inventories	79,500	68,550
Trade receivables	57,270	59,480
Bank [	107,900	82,500
Tax recoverable		1,500
	2,494,970	**2,635,030**
Equity and liabilities		
Tax Payable	9,780	
Trade payables	204,250	236,250
Share capital	1,300,000	1,150,000
Retained Earnings	567,500	669,200
10% Debentures	372,000	545,000
Deferred taxation	41,440	34,580
	2,494,970	**2,635,030**

Additional information:

1. Below is the extract from the statement of profit or loss for the year ended 30 June 2026

	RM
Turnover	1,389,730
Gain on disposal investment property	80,000
Gain from disposal of Investment	27,800
Dividend Income from investment	31,740
Cost of sales	870,550
Operating expenses	507,500
Taxation expense	57,950

2. An investment property was disposed at the accounting year end. FAA Sdn Bhd uses fair value model to account for its investment property.
3. Some plant and machinery that was acquired.

4. One motor vehicle was traded in for a new motor vehicle. The carrying value for the motor vehicle traded-in was RM40,500.
5. Some investment was disposed to generate cash for the purpose of acquiring plant and machinery.
6. Redemption of debenture is at par.
7. All sales are on credit.
8. Included in the operating expenses are:

Depreciation for:	RM
Land & Building	4,500
Plant and Machinery	11,860
Motor vehicle	27,400
Loss on disposal of motor Vehicle	6,800

Required:

(a) Calculate the profit before tax for the year 30 June 2026.

(5 marks)

(b) For the year ended 30 June 2026, prepare the Statement of Cash Flows of FAA Sdn Bhd, using the indirect method.

(20 marks)

[Total: 25 marks]

(END OF QUESTION PAPER)